SYNOPSIS

A COMPARATIVE STUDY OF LEADERSHIP STYLES OF MANAGERS IN SELECTED PUBLIC SECTOR & PRIVATE SECTOR BANKS IN KERALA

Introduction

Banking sector is the backbone of any economy. Unlike other service sectors like transport, communication, insurance, healthcare, the banks have a distinct power in the economy that it has the ultimate control of the money circulation in a country. RBI is the Apex authority to control the activities of entire banking system in India. In earlier days the banking services were limited to collection of small savings of the people in the form of deposits and providing loans to the needy people. Now the system has totally changed due to the changing demands of customers, and developments in technology. Moreover the banking sector reforms in 1990's also attracted many new private sector banks and foreign banks to the banking sector. Now these banks are reaping the benefits of new techniques by offering new products and services, enhancing speed and quality of service, introduction of core banking facilities etc. They have become a threat and at the same time motivation for the public sector banks. Public sector banks also try but have to make some reforms to compete in the global market.

Leadership styles of managers in service area like banking needs a drastic change especially while dealing with employees and customers. The nature of interpersonal relationship of a manager with the employees, the extent of personal consideration given to them, the degree of trust kept in them, and above all, the workload assigned to them can have a direct influence on the attitude of employees towards the manager, to the organisation and also while dealing with the customers. Therefore the employees should be able to work in a stress-free environment so that they can deal with the customers in a friendly manner and also keep a good relationship with them. At the same time the customers who are in need of money should be able to approach the bank easily and ensure that their financial needs are met without any delay. It is a well known fact that the

demand for high valued securities and the unnecessary delay in getting loans and the long formalities to be observed are the major reasons why the people approach the private money lenders for getting loans. So there is an urgent need for simplified rules/ formalities so that it can serve the needy people in time. Today both the Government and the RBI support banks in all means to their effort of financial inclusion so that the poor people or weaker sections of the society especially in the rural area can be saved from the cruel hands of private money lenders. But it has not served the purpose in full due to many reasons like lack of awareness among the public, inadequate infrastructure, increasing workload of the staff etc. To a certain extent the problems can be solved by the managers at the bank level and region level. They should take efforts to educate the customers, to ensure adequate manpower and other necessary infrastructural facilities, provide training to the staff in recent technological developments, equip them to settle the grievances, and finally automate the services as far as possible. Today managers should be capable of transforming the organisation and the people. The traditional authoritative or bureaucratic style should give way to a new transformational style which considers the employees as strength, motivates them, give them opportunities for growth and respects them.

The present study concentrates on the leadership styles of managers of selected public and private sector banks to examine whether there is any difference in their leadership styles. The various leadership styles considered for the study are Transformational, Transactional, Autocratic, Democratic, Bureaucratic and laissez faire style. It also studies the factors that constitute a particular leadership style like, availability of time, manager's behaviour, stress, self ability and staff ability and tries to find the difference in the influence of these factors among the various bank groups and among the bank managers (gender wise and on the basis of educational background).

Statement of the Problem

In earlier days the role of a bank manager was limited to the collection of deposits from the public and proper utilization of the money by way of giving loans to the needy people on the basis of certain security apart from meeting the statutory requirements. The managers were more task oriented or somewhat bureaucratic in nature even though their

workload was less compared to the present situation. Then increased population, consumption and improved education and employment status increased the demands of the society and the banks extended their services to certain agency and general utility services like, collection and payment of rent, interest, insurance premium, salary, income tax etc. to meet the varied needs of the society.

Today the system has totally changed. The demands of the society changed, technology brought new innovations which helped to speed up the services and improved the quality of service in many ways. Moreover the reforms in the banking sector attracted new hi-tech private sector banks like HDFC and ICICI. In the post IT era, new private sector banks and foreign banks has made remarkable progress. They are truly reaping the benefits of new techniques. All these become a threat to the Public sector banks who were the dominant players in the financial market till that day. The managers were under pressure since they have to adjust with the changes in the system, changes in the technology and also to face the challenges of the competitors especially the new private sector banks. The Public sector banks try to meet the challenges but they have to make some reforms to compete with the global market.

The workload of not only the managers but also the employees of all banks whether it is public sector bank, private sector bank or a new generation bank is increasing day by day. It resulted in increased mental and physical stress for both the managers and employees. It has also affected the manager's behaviour towards their employees, the manager-employee relationship, the relationship among the employees themselves and the training and developmental needs of both managers and employees.

Here the researcher intends to examine the leadership styles of managers of selected public and private sector banks and find out whether there is any difference in their leadership styles. Moreover the extend of influence of the factors like time, leader behaviour, stress, leader ability and staff ability on each leadership style namely, autocratic, democratic, bureaucratic, laissez faire, transactional and transformational style has been studied. It also tries to find out whether there is any difference in these factors in various bank groups, among male and female managers and also among managers considering their educational background.

Significance of the Study

The banking sector is undergoing tremendous change in all its dimensions. The nature, structure, width, depth and quality of its products, services, area of coverage, formulation and implementation of various innovative policies like financial inclusion, entry of competitors like new private sector banks and foreign banks, successful implementation of advanced technology like core banking solutions, all these call for an efficient and dynamic leader with specific leadership qualities to exercise their role as the situation demands. To sustain and ensure growth in this highly competitive environment the potential of all human resources should be exploited and efficiently utilized. Only a leader who has clear vision and mission can succeed further. A leader or manager who is able to keep good relationship with employees, coordinate and integrate the activities in time, give personal or individual consideration to the staff, provide training and professional development in par with technological advancement, respect the presence and service of employees can create miracles without any doubt. They can easily tackle the challenges of competitors, realise its organisational objectives that may be customer retention, employee retention(in the case of new private sector banks) enhancing corporate image, growth in market share, better return on investment apart from creating satisfied or delighted customer. The study will be worthwhile in identifying the leadership style of managers in various bank groups and find whether they differ each other, what are the factors that directly influence the leadership style, whether these factors vary among various bank groups, male and female managers and managers having different educational qualification.

The competition among the banks is becoming much tougher and tougher as most of the banks offer similar products, services and other facilities. There may be slight difference in the interest rate, speed and quality of service but the image of the bank in market, trust of the customer in the bank, mutual trust among managers and employees, cooperation and commitment of the staff in the bank and the like. Therefore it has become very important for the managers to keep good relation with the employees, exploit the opportunities for growth by self and the staff and utilize the potential of employees to ensure sustainability and growth in the competitive environment where a large number of

players have entered the market and are trying to accelerate the market share and enhance customer base.

Period of Survey

After review of literature and having discussion with certain bank employees, Branch Managers, an interview schedule was framed to conduct pilot study. Pilot study was conducted among 50 bank managers and 50 bank employees using the structured interview schedule for a period of three months from December 2012 to February 2013. After testing the reliability, and fixing the sample size, the final questionnaire was administered to 205 bank mangers and 601 bank employees for a period of 6 months from March 2013 to August 2013.

Period of Reference

In order to have an overview over the trends in the leadership styles of managers of various institutions published data including Indian and foreign thesis, articles in national and international journals, research papers, case studies, working papers and paper presentations from 1981 to 2013 has been considered.

Objectives of the Study

The main objectives of the study are:

1. To understand the major factors influencing leadership styles of bank managers and analyse its impact on the leadership styles.

2. To compare the factors affecting leadership styles with the demographic profile of managers in public and private sector banks.

3. To compare the leadership styles of managers in the public sector banks & private sector banks in kerala.

5. To make recommendations based on the findings of the study.

Methodology and Sampling Design

The design of the present study is descriptive and analytical in nature. Both primary data and secondary data have been used for the study. Primary data were collected from the sample managers and employees of both public and private sector banks in Kerala using a structured questionnaire. Multi-stage Random sampling with proportional allocation has been used for the selection of the sample for the study. At first the Kerala State is divided into three regions. Then three districts have been selected from each region therefore, Malappuram from Northern region, Ernakulam from Central region and Trivandrum from Southern Region. Then from the districts selected 7 public sector banks (Punjab National Bank, Canara Bank, Union Bank, Syndicate Bank, SBI, SBT, IOB), 4 old private sector banks (Catholic Syrian Bank, Dhanalaxmi Bank, Federal Bank, South Indian Bank) and 2 new private sector banks (HDFC, ICICI) were selected and required number of managers and employees have been selected from these banks in each bank group.

Sample for Managers

A sample size of 205 is fixed statistically to represent the whole population. This sample size is allocated to each selected bank based on the proportion of managers (as on1-03-2013) in the bank groups selected from the districts identified for study in Kerala.

Sample for employees

A sample size of 601 employees is fixed statistically to represent the whole population. This sample size is allocated to each bank group based on the proportion of employees (as on 1-03-2013) in the bank groups selected from the districts identified for study in Kerala.

Tools Used for Analysis

The statistical tools used for analysis of primary data consist of cross-tabulation, descriptive Statistics like arithmetic mean, percentages etc. The statistical methods used for Hypothesis testing include Chi-square test, Friedman's Test for K-related samples, THREE WAY ANOVA and Multiple Regression.

Major Findings

1. The analysis of Multiple Regression reveals that various factors like availability of time for the manager, manager's own behaviour, stress, manager's self ability and the ability of the staff to perform the task have an influence on the leadership styles of managers.
2. The Transformational Leadership style has been highly influenced by the ability of the staff to perform the task. It means that a managers use this style among the employees who are competent enough.
3. The Transactional Leadership style is influenced by the availability of sufficient time for the manager, manager's specific behaviour and manager's ability to perform the task. A manager who is highly task oriented in nature and at the same time competent enough prefer to use this style.
4. The Autocratic Leadership style is highly dependent on the capability or competency of the manager.
5. The Democratic Leadership style is highly influenced by manager's own behaviour. It means the interpersonal relationship and participative nature of managers depends on his/her specific nature or behaviour.
6. The Bureaucratic Leadership style is influenced by manager's own ability and staff ability. A manager exercise this style where both the managers and the employees are well aware about the policies and rules of the organisation and are able to perform as well.
7. The managers use Laissez faire style when they are under pressure or stress and the staff's are competent enough. Whenever the work load is high a manager gives freedom to the staff to an extent to take work related decisions, or solve work related problems or issues.
8. THREE-WAY ANOVA reveals the level of influence of various factors influencing leadership styles on certain demographic features of managers. It says that the time spent by managers in their bank and the manager's own behaviour in various bank groups are the same irrespective of their gender and their educational background. All the managers have certain common behavioural traits

whether it is a male or female manager or possess minimum educational qualification or any additional qualification.

9. The stress level of managers in various bank groups are different irrespective of their gender and educational background.
10. The self ability of managers in different bank groups are different and their ability also differ according to their educational background. But there is no significant difference in the self ability of male and female managers.
11. Male and Female managers have a slightly different opinion with regard to the ability of their staff in performing the task.
12. The Friedman test reveals the dominant styles of leadership of managers in each bank group. The Leadership style of managers of each bank group is arrived at by considering the mean rank variation of each style under all the bank groups and the lowest rank obtained for these styles under each bank group.
13. It is seen that the Transactional Leadership Style is dominant among the managers of SBI and its associates.
14. The Democratic Leadership Style is dominant among the managers of Nationalised banks other than SBI and its associates.
15. The dominant form of Leadership style in the Old Private Sector banks is found to be Bureaucratic in nature.
16. The Autocratic Leadership style is found to be dominant among the managers of New Private Sector banks.
17. The dominance of Transformational leadership style has not been found anywhere among the four bank groups under study. It points out the lack of adequate personal consideration, proper representation, opportunities for growth and proper respect for the staff in all the bank groups.

Suggestions

The following suggestions are made based on the findings of the study.

1. Proper measures should be taken to reduce the work load of bank managers which is the major reason for the mental strain and stress among the bank managers.

2. The pattern of behaviour of managers towards the employees should be changed especially in the case of new private sector banks. There should be a better interpersonal relationship. Moreover the employees should be given personal consideration, respect, motivation(not mere financial benefits)and sufficient opportunities for growth so that their innate abilities can be exploited.

3. A transformational style or a more collaborative model of leadership is yet to come in the banking sector where there is no room for concentration of authority, heavy dependence on rules, task and target instead there is an influence relationship, which brings safety, trust and commitment, among the leaders and their partners who intend substantive or transforming change that reflect their mutual purpose, shared vision and common goals.